Manitoba

Annual Report 1985

Labour

Pension Commission

* For the period ending December 31, 1985

Manitoba

Minister of
Labour

Winnipeg, Manitoba, CANADA
R3C 0V8

To Her Honour,
Pearl McGonigal,
Lieutenant-Governor for
the Province of Manitoba.

Madame:

It is my pleasure to present to your Honour, the Annual Report of the Pension Commission of Manitoba for the year 1985.

Sincerely,

Al Mackling.

Manitoba

Labour Pension Commission

1004 — 401 York Avenue
Winnipeg, Manitoba, CANADA
R3C 0P8

(204) 945-2740

The Honourable Al Mackling,
Minister of Labour,
Room 343,
Legislative Building,
Winnipeg, Manitoba.

Dear Sir:

We are pleased to present the eleventh Annual Report of the Pension Commission for 1985, in accordance with the Pension Benefits Act of Manitoba. This Report comments on activities conducted by the Pension Branch and by the Pension Commission during the past year.

Yours very truly,

Jean Minish

Jean Minish,
Chairperson.

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Staff:

Wes Peters, Superintendent
Jack Haip, Assistant Superintendent
Donna Johannson, Administrative Officer
Pat Sargeant, Administrative Secretary
Gale Feindel, Pension Analyst
Debbie Lyon, Pension Analyst

Commission Members:

Jean Minish, Chairperson
Georgia Cordes
George Enns
Paul Hart
Aidan O'Brien
Marcel Painchaud
Wendy Waldman

Part I — Duties and Functions

The Pension Commission of Manitoba established on July 1, 1976, regulates employer sponsored pension plans in the Province of Manitoba. The authority, under which the Pension Commission operates is the Pension Benefits Act and Regulations. The staff ensure that plans comply with the legislative requirements through the annual review of each pension plan. In addition, the staff:

a) encourage the establishment, extension and improvement of pension plans throughout Manitoba, and;

b) provide information and interpretation of the legislation to all employers, plan members, plan administrators and the general public.

Part II — Activities of the Staff

As described in the 1984 Annual Report, amendments to the legislation were effective January 1, 1984 and January 1, 1985. Employers were required to submit amendments to their respective pension plans to comply with the legislative changes. Consequently, staff were extensively involved in the review process of the amendments. A substantial number of amendments have been reviewed and approved, however, it can be expected that the review process will continue throughout 1986.

The on-going functions of the staff include inspection of new pension plans received for registration and the review of annual information returns, amendments, cost certificates and the actuarial valuations of existing plans. Through the continual review process, staff are able to detect and correct areas of non-compliance with the legislation.

Enquiries from plan members and employers are received on a daily basis and staff review those issues and concerns which require investigation. The investigative process involves contacting the insurance/trust company or plan sponsor to discuss the enquiry to ensure it is resolved in accordance with the plan provisions and the Pension Benefits Act.

In July of 1985, Bill 76 was adopted and incorporated into the Pension Benefits Act. The amendments set out in this bill provide clarification of certain provisions in order to improve the application of the Pension Benefits Act. The bill is intended to facilitate the effective enforcement of existing legislation. These amendments did not, in any way, change the policy intent of the reform implemented in 1983.

During the year, the staff responded to 25 requests to speak to interested groups encompassing from 5 to 200 participants. The speaking engagements brought staff into contact with a variety of organizations, including the Manitoba Organization of Nurses' Association (M.O.N.A.), Immigrant Women's Association of Manitoba, Inc., Manitoba Association of School Business Officers, Winnipeg Chamber of Commerce, Canadian Compensation Association, and the Universities of Winnipeg and Manitoba. The presentations most often related to the general requirements of the Pension Benefits Act and on certain occasions, specific topics such as potential Multi-Employer pension legislation and Unisex legislation were presented at the request of the group.

In the 1984 Annual Report, it was explained that six informational pamphlets were prepared to describe the legislative changes. During 1985, a 7th brochure outlining the 1985 changes was also prepared for public distribution. Topics covered under this brochure include: vesting and locking-in of benefits, 50% employer cost rule, sex discrimination and pre-retirement death benefits. Approximately 3,000 copies of the brochure were distributed throughout 1985.

The Committee of Superintendents of Pensions

On September 24th and 25th, 1985, the 46th meeting of the Committee of Superintendents of Pensions was held in Winnipeg. Twelve pension Superintendents of the federal and provincial jurisdictions met to discuss areas of mutual concern.

A major point of discussion was the current interprovincial reciprocal agreement on pension legislation. Other items of discussion included Alberta's recently published proposals for pension reform, improved procedures for dealing with surplus refund requests, ramifications of allowing the transfer of pension monies to individuals Registered Retirement Income Funds, and the requirement for vesting of bridging benefits.

Canadian Association of Pension Supervisory Authorities (C.A.P.S.A.)

On September 25th and 26th, 1985, immediately following the meeting of the Committee of Superintendents, the Commission was host to participants of the 28th meeting of C.A.P.S.A. The members of C.A.P.S.A. consist of designated representatives from the various jurisdictions.

The agenda included items such as uniform investment regulations for pension plans, solvency and funding requirements, and the current status of the interprovincial reciprocal agreement. Other topics C.A.P.S.A. discussed included a report prepared by a national consulting firm concerning problems associated with Multi-Employer pension plans, as well as the position paper prepared by the Pension Commission of Ontario on Multi-Employer plans.

Part III — Activities of the Pension Commission

During 1985, the Pension Commission consisted of seven members. These appointed members of the Commission were: Jean Minish, Chairperson, Paul Hart, Marcel Painchaud, Georgia Cordes, George Enns, Aidan O'Brian and Wendy Waldman.

In 1985, eleven formal Commission meetings were held. The Commission spent a great deal of time reviewing situations where refunds of surplus were being requested from company pension plans. The frequency of the requests and the increasing complexity of surpluses has promoted us to study the issue, both from a policy and administrative viewpoint.

In an on-going effort to improve legislation, the Regulations were reviewed for possible areas of improvement. A study of these areas was undertaken by the Commission resulting in a number of recommendations for change being forwarded to Government. If adopted, the changes will serve to augment and clarify certain provisions of the Act.

Multi-Employer Plan Concerns

Discussions continued throughout 1985 concerning Multi-Employer pension plans and legislation affecting Multi-Employer groups. A discussion paper was distributed in May, 1985 outlining legislative concerns and issues. The Commission intend to further review legislative provisions in other provinces to establish some common principles, consider the views of multi-employer plan members and administrators and monitor progress in other jurisdictions keeping in mind the concerns established in the discussion paper.

Part IV — Statistical Data

Employer sponsored plans must be registered in provinces that have pension legislation in force. Currently Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and Nova Scotia have such legislation. Newfoundland introduced legislation effective January 1, 1985, but is not included in the statistical data. Each pension plan is registered in the province where the greatest number of plan members are employed. Pension plans sponsored by employers who are federally regulated are registered under federal legislation.

The data for this report is based on pension plans under the supervision of the Pension Commission of Manitoba and all membership figures pertain to Manitoba residents only unless otherwise specifically stated.

General Comments

A comparison of employees covered under pension plans by sector revealed that 52% of the total Manitoba plan membership was covered under public sector pension plans, with the remaining 48% being covered under private sector plans.

For the year 1983, the total number of Manitoba employees covered under pension plans declined by 1.3%. This was, however, consistent with the national average.

While 83% of pension plans registered with the Pension Commission had less than 50 plan members, 94% of the total Manitoba membership was covered under plans with 50 to 10,000 plan members and over.

Money Purchase pension plans account for 71% of the pension plans registered with the Pension Commission. However, these plans provide coverage for only 13% of the total Manitoba membership. It is defined benefit plans which covered the great majority of Manitoba plan members, some 87%, even though they accounted for only 29% of the total pension plans registered.

As of December 31, 1984, there were 934 pension plans registered with the Pension Commission. New plans registered during 1985 amounted to 102 with 43 plans terminated over the same period, leaving 993 pension plans registered as of December 31, 1985.

Table 1

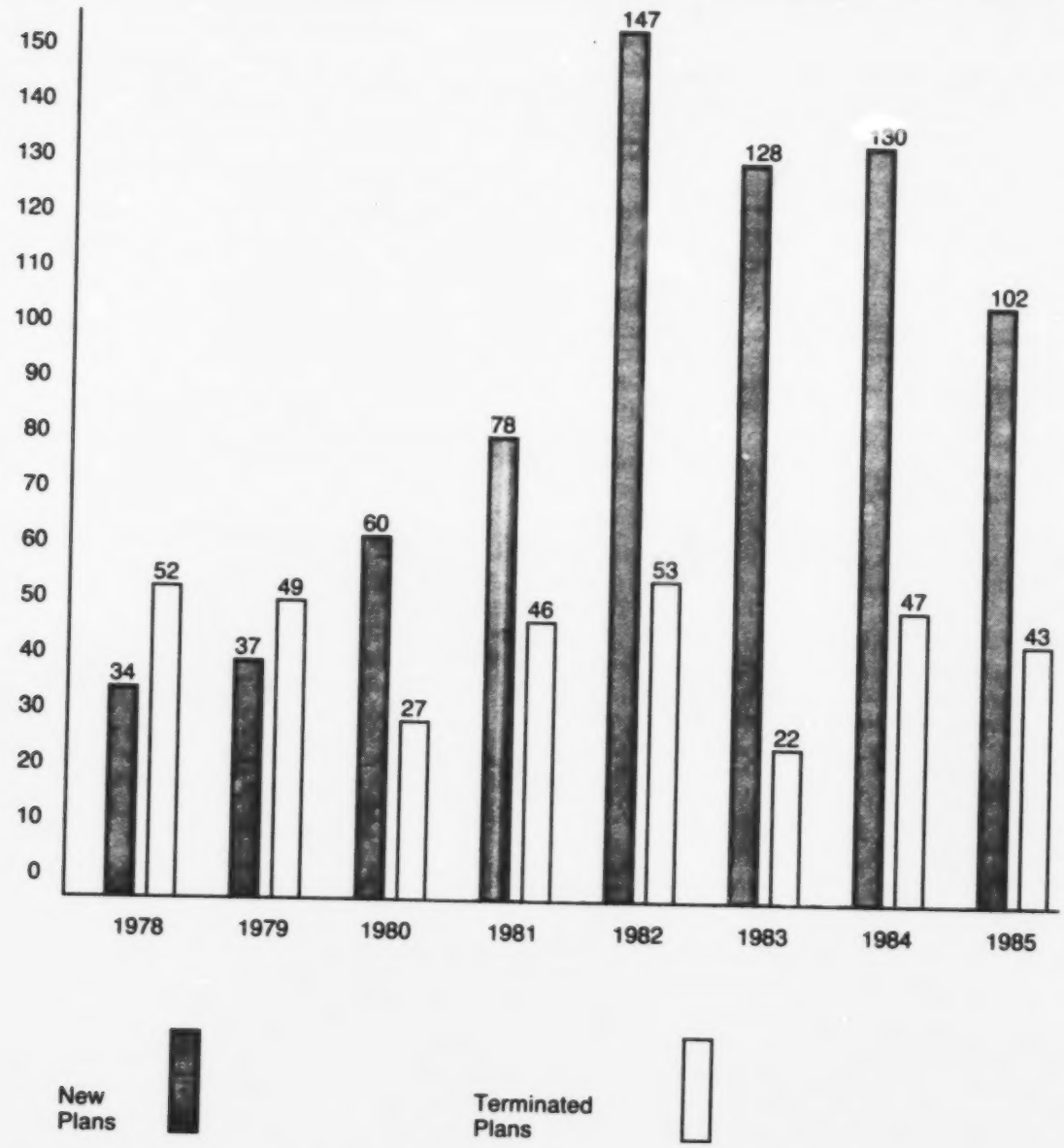
Statistics Canada has estimated the Manitoba labour force to be approximately 389,000* as at January 1, 1984. Of this workforce, 186,355 Manitobans participated in an employer sponsored pension plan. The overall coverage in Manitoba was approximately 48%. This figure includes Manitoba plan members participating in pension plans supervised by other authorities.

Year	Labour Force*	Manitoba Plan Membership	Percentage
1984	389,000	186,355	48%
1983	385,000	188,712	49%
1982	390,000	187,062	48%
1981	384,000	186,941	49%
1980	376,000	182,736	49%
1979	367,000	173,540	47%
1978	362,000	171,826	47%

** Labour force figures are based on paid non-agricultural workers in Manitoba.*

Table 2

Pension Plans Registered/Terminated in Manitoba



Membership Data

As mentioned in the introduction, pension plans are registered in the province where the greatest number of plan members are employed. As at January 1, 1984, Manitoba supervised 866 pension plans which contained 103,820 members. As well, other jurisdictions administer Manitoba's Act on our behalf for plans which are registered in those jurisdictions. The total number of Manitobans falling into this category was 82,535.

Table 3

Following is a breakdown as at January 1, 1984 of Manitoba membership showing the administrative authority and the total number of plans which contained Manitoba members supervised by each authority:

Administrative Authority

Administrative Authority	No. of Plans	No. of Manitoba Members
Nova Scotia	3	7
Quebec	138	2,699
Ontario	866	20,582
Saskatchewan	24	4.014
Alberta	84	9,082
Federal Jurisdiction	140	46,151
TOTAL	1,255	82,535

Table 4

The Pension Commission of Manitoba as well as supervising Manitoba membership administers other Province's Acts on their behalf. The following table indicates the number of members (out of Province) who fell into this category as at January 1, 1984:

Membership By Province — Supervised By Manitoba

Province	Total Membership
Newfoundland	40
Prince Edward Island	3
New Brunswick	256
Nova Scotia	92
Quebec	273
Ontario	1,500
Saskatchewan	971
Alberta	1,385
British Columbia	1,326
Yukon & N.W.T.	5
Non Canadian*	117
TOTAL	5,968

* *Represents employees of Manitoba employers temporarily employed abroad.*

Table 5

Following is a breakdown of membership by size and number of plans supervised by the Pension Commission of Manitoba as at January 1, 1984.

Membership Grouping

No. of Manitoba Members	No. of Plans	Total Manitoba Members
Less than 5	403	853
5 - 9	113	739
10 - 14	60	660
15 - 49	140	3,489
50 - 99	61	3,950
100 - 499	67	12,425
500 - 999	6	4,589
1,000 - 1,999	9	11,245
2,000 - 9,999	5	27,733
10,000 & over	2	38,137
Total	866	103,820

Contributory/Non-Contributory Plans

As at January 1, 1984, Manitoba's 866 pension plans fell into two categories, contributory (employee and employer both contribute) and non-contributory (employer pays all required contributions). There were 518 contributory plans with a total membership of 90,581 and 348 non-contributory plans with a total membership of 13,239.

Table 6

Plan Types

As at January 1, 1984

Type of Plan	No. of Plans	No. of Members
Final Average Earnings	88	71,252
Career Average	111	5,669
Money Purchase	593	13,141
Profit Sharing	23	669
Flat Benefit	47	12,914
Composite	4	175
TOTAL	866	103,820

Table 7
Conditions For Early Retirement

Condition	No. of Plans	No. of Members
Minimum Age	707	27,460
Years of Service	3	61
Years of Service & Age	79	69,977
Years of Participation and Age	2	770
Other	6	2,620
Anytime	58	1,066
No Provision*	11	1,866
TOTAL	866	103,820

** As at December 31, 1983. This practice was prohibited effective January 1, 1984.*

Table 8
Benefits On Death Before Retirement
As at January 1, 1984

Provision	No. of Plans	No. of Members
No Benefit*	37	5,311
Employee Contributions	116	23,237
Vested Employer Contributions*	299	4,856
Employee & Vested Employer	386	18,728
Widows/Orphans Pension	28	51,688
TOTAL	866	103,820

** Employee contributions not required under these plans.*